

AMENDED IN ASSEMBLY APRIL 27, 2009

AMENDED IN ASSEMBLY APRIL 13, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 932**

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**Introduced by Assembly Member Torlakson**

February 26, 2009

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An act to amend Sections 8278.3, 8279.4, 8279.5, and 8279.6 of the Education Code, relating to child care and development services, and making an appropriation therefor.

### LEGISLATIVE COUNSEL'S DIGEST

AB 932, as amended, Torlakson. Child care and development services: facilities.

Existing law establishes the Child Care Facilities Revolving Fund in the State Treasury to provide funding for the renovation, repair, improvement, or purchase of child care facilities for lease to school districts and contracting agencies that provide child care and development services pursuant to the Child Care and Development Services Act.

This bill would instead specify that the fund be used to make loans to eligible borrowers for the purchase, development, construction, expansion, renovation, repair, or improvement of licensed child care. The bill would authorize the Superintendent of Public Instruction to transfer federal funds appropriated for child care facilities into the fund.

Existing law requires the Superintendent to submit a report to specified agencies detailing certain information relating to the fund, including a projection of the lease payments collected.

This bill would instead require the Superintendent to include a projection of the lease and loan payments collected, and would require the Superintendent to include specified additional information in the report. The bill would require the State Department of Education to utilize the capital financing expertise of the child care financial intermediary program to administer the fund, and to adopt regulations to implement these procedures and manage the fund.

Existing law requires the Superintendent to contract with a nonprofit organization to serve as a financial intermediary to undertake activities designed to increase funds available from the private and public sectors for the financing of child day care facilities.

This bill would require the financial intermediary to coordinate private sources of capital with the Child Care Facilities Revolving Fund instead of the Department of Housing and Community Development and the California Infrastructure and Economic Development Bank, and to provide capital financing and facility development expertise and assistance to the Child Care Facilities Revolving Fund. The bill would delete obsolete references in those provisions to regional resource centers.

By authorizing the expenditure of funds in the Child Care Facilities Revolving Fund, a continuously appropriated fund, for a new purpose, and adding a new source of revenue for deposit into the fund, the bill would make an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 8278.3 of the Education Code is amended  
2     to read:  
3     8278.3. (a) (1) The Child Care Facilities Revolving Fund is  
4     hereby established in the State Treasury, to be used to make loans  
5     for the purchase, site development, construction, expansion,  
6     renovation, repair, or improvement of licensed child care and  
7     development facilities, and for the purpose of loan administration.  
8     Eligible borrowers are school districts and contracting agencies  
9     that provide child care and development services pursuant to this  
10    chapter, and school districts and county offices of education that  
11    provide services pursuant to the California School Age Families  
12    Education Program (Article 7.1 (commencing with Section 54740))

1 of Chapter 9 of Part 29 of Division 4 of Title 2). The  
 2 Superintendent of Public Instruction may transfer state and federal  
 3 funds appropriated for these child care facilities purposes into this  
 4 fund. *School districts, county offices of education, and contracting*  
 5 *agencies using facilities made available by the use of these funds*  
 6 *shall be charged a fee, either at a fair market value of those*  
 7 *facilities or at an amount sufficient to amortize the cost of purchase*  
 8 *and relocation, whichever amount is lower, over a 10-year period.*  
 9 *Upon full repayment of the purchase and relocation costs, title*  
 10 *shall transfer from the State of California to the school district,*  
 11 *county office of education, or contracting agency.* The  
 12 Superintendent shall deposit all revenue derived from the  
 13 repayment of loans made pursuant to this section, and from the  
 14 lease payments from funds allocated prior to January 1, 2010, into  
 15 the Child Care Facilities Revolving Fund.

16 (2) Notwithstanding Section 13340 of the Government Code,  
 17 all moneys in the fund, including moneys deposited from lease  
 18 payments and loan payments, are continuously appropriated,  
 19 without regard to fiscal years, to the Superintendent for expenditure  
 20 pursuant to this article.

21 (b) On or before August 1 of each fiscal year, the Superintendent  
 22 shall submit to the Office of the Secretary for Education, the  
 23 Department of Finance, and the Legislative Analyst's Office a  
 24 report detailing the number of funding requests received, the  
 25 number of funding requests pending, the number of funding  
 26 requests approved, and the purpose of each funding request, the  
 27 types of agencies that received funding from the Child Care  
 28 Facilities Revolving Fund, the retained or increased capacity that  
 29 these facilities generated, a description of the manner in which the  
 30 facilities are being used, and a projection of the lease and loan  
 31 payments collected and the funds available for future use.

32 (c) The department shall utilize the capital financing expertise  
 33 of the child care financial intermediary program to administer the  
 34 Child Care Facilities Revolving Fund pursuant to Sections 8279.4,  
 35 8279.5, and 8279.6.

36 (d) The department shall adopt regulations to establish priorities,  
 37 forms, policies, and procedures for implementing this section and  
 38 managing the Child Care Facilities Revolving Fund.

39 SEC. 2. Section 8279.4 of the Education Code is amended to  
 40 read:

1     8279.4. The Legislature finds and declares the following:

2     (a) There is a serious shortage of quality child day care facilities  
3 throughout the state.

4     (b) It is in the interest of the state's children and families, and  
5 the state's economic growth, to encourage the expansion of existing  
6 child day care facilities by assisting communities and interested  
7 government and private entities to finance child day care facilities.

8     (c) There is a need to access capital for facilities on a systematic  
9 basis, especially to use limited public sector funds to leverage a  
10 greater private sector role in financing child day care facilities.  
11 The Legislature finds and declares that a financial intermediary  
12 could fill this role and support local entities that work with potential  
13 providers by functioning as a centralized repository of training,  
14 best practices, and expertise on facilities financing.

15     SEC. 3. Section 8279.5 of the Education Code is amended to  
16 read:

17     8279.5. (a) The Superintendent shall contract with a nonprofit  
18 organization to serve as a financial intermediary. The nonprofit  
19 organization shall have staff who have expertise in financing and  
20 capital expansion, are knowledgeable about the child care field,  
21 and have the ability to develop and implement a plan to increase  
22 the availability of financing to renovate, expand, and construct  
23 child day care facilities, both in day care centers and family day  
24 care homes.

25     (b) The financial intermediary selected by the Superintendent  
26 shall undertake activities designed to increase funds available from  
27 the private and public sectors for the financing of child day care  
28 facilities. These activities shall include, but are not limited to, all  
29 of the following:

30     (1) Soliciting capital grants and program-related investments  
31 from foundations and corporations.

32     (2) Building partnerships with foundations and corporations.

33     (3) Developing lending commitments, linked deposits, and other  
34 financing programs with conventional financial institutions.

35     (4) Coordinating private sources of capital with existing public  
36 sector sources of financing for child day care facilities, including,  
37 but not limited to, the Child Care Facilities Revolving Fund.

38     (5) Coordinating financing efforts with the technical assistance  
39 provided by local entities that work with potential providers.

1 (6) Providing capital financing and facility development  
2 expertise and assistance to the Child Care Facilities Revolving  
3 Fund process, including support of the Child Care Facilities  
4 Revolving Fund in delivering capital for child day care facilities,  
5 including facilities on nonpublic school property.

6 (c) This section shall only be implemented to the extent that  
7 funds are appropriated for this purpose in the annual Budget Act.

8 SEC. 4. Section 8279.6 of the Education Code is amended to  
9 read:

10 8279.6. (a) Pursuant to funding made available in subdivision  
11 (d) of Provision 7 of Item 6110-196-001 of the Budget Act of  
12 2000, the Superintendent shall contract for a financial intermediary,  
13 pursuant to Section 8279.5, by January 1, 2001.

14 (b) The financial intermediary, during its first six months of  
15 operation, shall do all of the following:

16 (1) Create and publicize an 800 technical assistance telephone  
17 service number.

18 (2) Provide financial development training for agencies at the  
19 local level including, but not limited to, Resource and Referral  
20 Agencies and local child care planning councils that are assisting  
21 existing and potential providers renovate, expand, build or purchase  
22 facilities.

23 (3) Determine the financing barriers and impediments to the  
24 development of child care facilities, especially in underserved  
25 areas of the state.

26 (4) Identify funding sources that may be leveraged by the state,  
27 and partnerships with the philanthropic and corporate sectors that  
28 may be established, with the goal of increasing funding available  
29 for child care facilities for California's CalWORKs and low-income  
30 families.